

Leasing Pittsburgh's Parking Assets



Proposal to Fix Pittsburgh's Pension Problem by Leasing its Parking System



City Council Public Hearing

July 29, 2010

Why?

State Legislature
said so..... or Else!

- State Act # 44 of 2009 requires City to fund Pension to 50% by December 31st
- 50% = \$210 Million
- Act # 44 Incentivizes Leasing Parking Assets to get the \$210 Million
 - Raises Parking Tax



Or Else What?

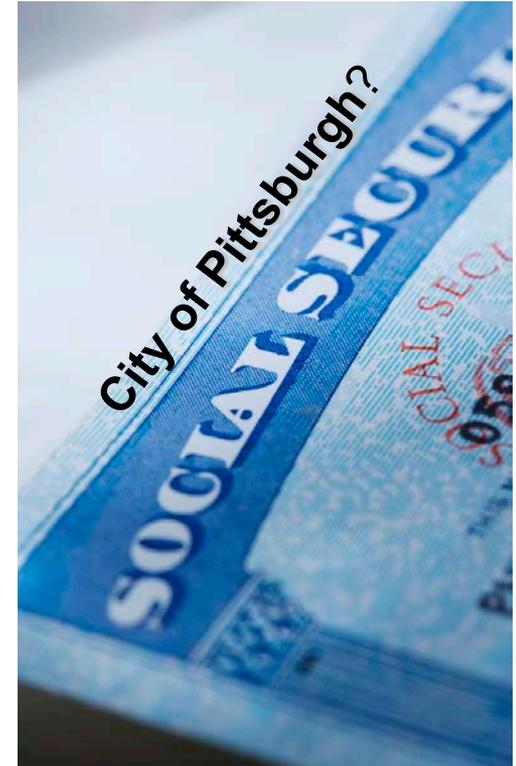


- **State takes over pension fund**
- **Seizes/Sells its assets even if at a loss**
- **Reduces investment assumption which causes annual payments to rise nearly \$30 Million**
- **City would be forced to come up with the additional \$30 Million in new revenue,**
- **Which could mean increased real estate or earned income taxes**



Why- Is there a Pension Problem?

- **State requires the City to run a Social Security System for its Public Safety employees where the recipients retire at age 50**
 - Police and Firefighters do not receive Social Security
 - Government has obligation
 - Even though state fully funds many wealthy suburban pension funds (retire @ 55)
- **City is paying more retirees than it has employees paying in**
 - Act 47, City reduced workforce by 1,000 or 1/4
- **Market Crashes over the last 11 years devastated the pension's funding level**



Concession Agreements

- **50 Year Lease Term on all Garage and Meters**
- **Rates and Enforcement hours Increase**
- **Both are necessary in order to maximize one time lease payment to meet obligation**
- **City can't build additional garages in a contained Downtown area**
- **Vendor replaces 3 garages, new pay stations and adds new technology**
- **City to pay vendor for meter spaces if closed for more than 22 days**
- **PPA employees retained**
- **City gets a BIG CHECK for pension**
- **Must receive at least \$330 Million Dollars to pay-off authority debt, and receive minimum of \$210 Million to put in Pension Fund**



Concession Agreements (2)

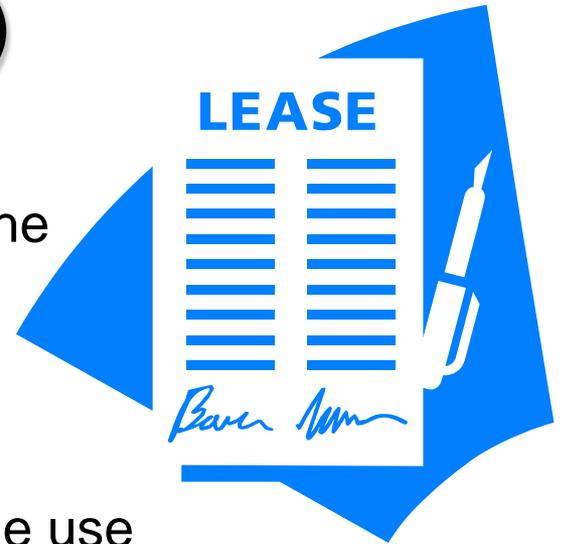
Concessionaire to perform services, including:

- 🚗 Operate, manage, maintain, rehab, and improve the Metered Parking System;
- 🚗 Collects revenues from those activities

City and the Parking Authority retain rights:

- 🚗 To police and regulate traffic, traffic control, and the use of the public way including the right to designate the number and location (and change such) of metered spaces;
- 🚗 To establish and revise the fees and the times of operation
- 🚗 To establish a schedule of fines for transgressions;
- 🚗 To administer a system for judging and enforcing; and
- 🚗 To establish and administer peak period pricing, congestion pricing, or other similar plans.

The City reserves the right to operate other metered spaces besides those covered in the agreement.

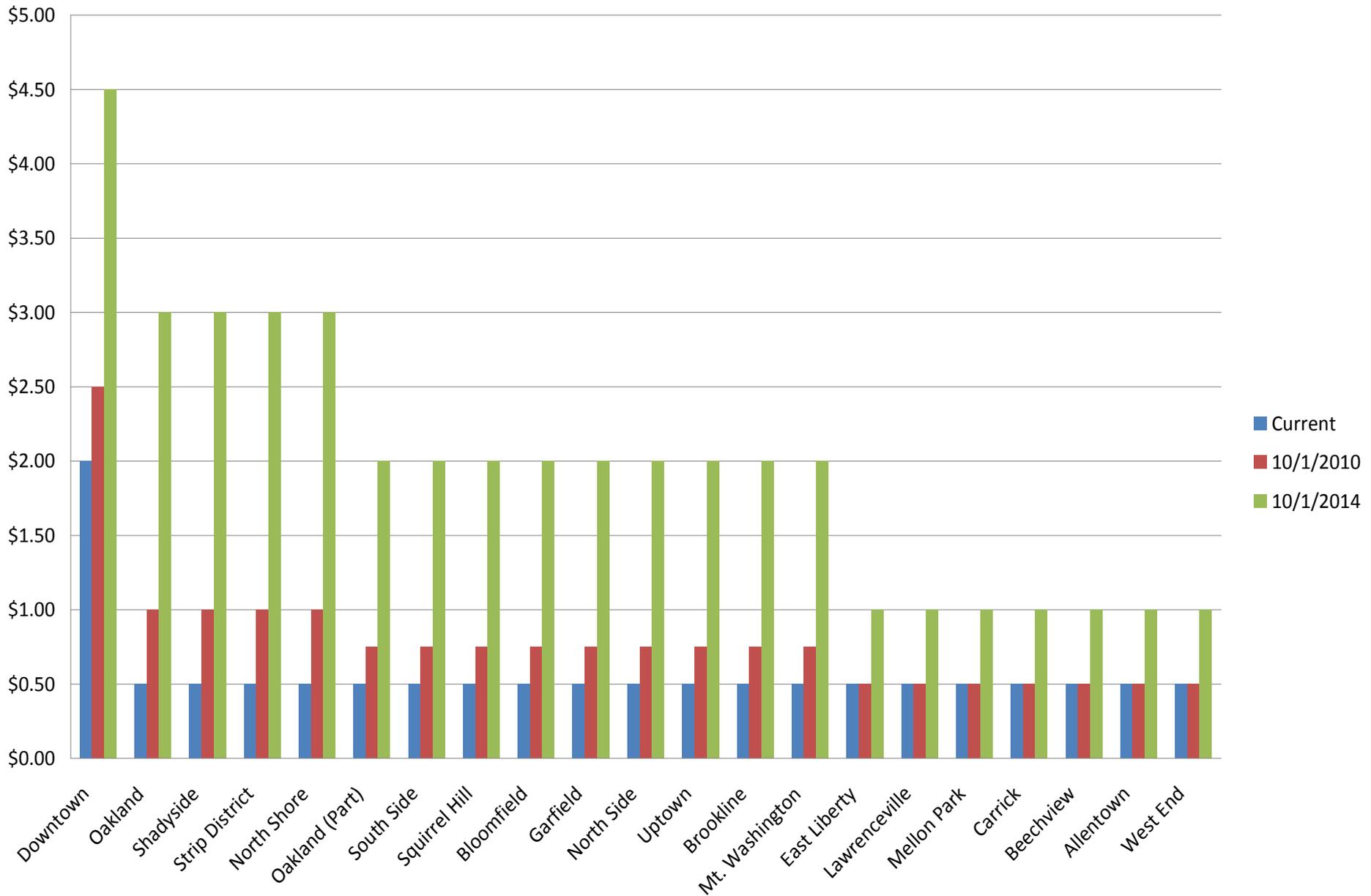


How – Concession rate increases effect neighborhoods

- **Downtown Garages to Private Rate**
- **Up 20% by October 1, 2010**
- **Meters Downtown to \$4.50 by 2014**
- **Oakland, Shadyside, Strip, and Northshore to \$3 per hour by 2014**
- **Southside, Squirrel Hill, Bloomfield, Garfield, Northside, Uptown, Brookline and Mt Washington \$2 per hour by 2014**
- **East Liberty, Lawrenceville, Mellon Pk, Carrick, Beechview, Allentown, and West End to \$1 per hour by 2014**
- **Enforcement hours increased to 8am-10pm Mon-Sat and Sunday added 1pm-10pm**
 - Currently Mon-Sat 6pm - 33 hours added per week – 1,700 more hours per year



Neighborhood Rate Increases, Current-2014



What

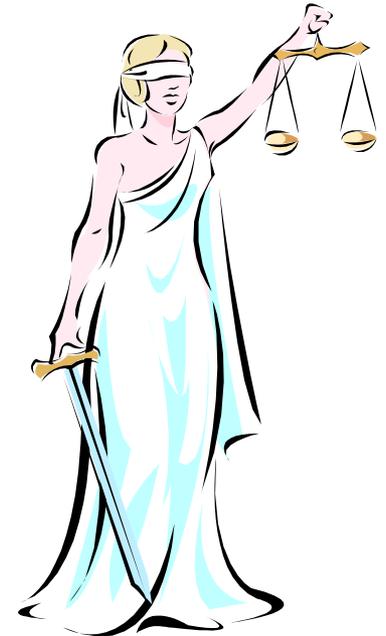
About other plans under consideration?

- Issue \$210 Million Bond to put into the fund
 - Would also need to increase parking rates, but retain the assets
 - City would retain complete control over most of the neighborhood rates
 - Still very expensive and adds to debt
- Raise parking rates to market level, allow state takeover and use funds to pay for additional pension needed fill in any imbalance with additional taxes



Any other ideas?

- Have public convince the State Legislature to change Act 44
 - Increase some parking rates and put additional revenue into the Pension in the meantime
 - Set investment rate at 8%
 - Revisit Lease idea in Dec. 2015 when Parking Authority debt is lower
 - Ask State to create single state pension plan that treats all municipalities, their employees and taxpayers equally



Layman's recap

- **State is forcing City to come up with \$210 Million Dollars**
- **Gives incentives if it gets the money by leasing its parking assets**
- **Causing parking rates to go through the roof**
- **Put All \$210 Million in the Stock Market**
- **If City doesn't, the State takes \$300 Million Pension off the City and forces the Mayor and Council to significantly raise taxes to get \$30 Million+ a year**
- **This is being done to fund a Social Security system the state is forcing the City to maintain and refuses to equitably change**
- **Agreement allows concessionaire to make money in various ways and the City retains certain rights**

